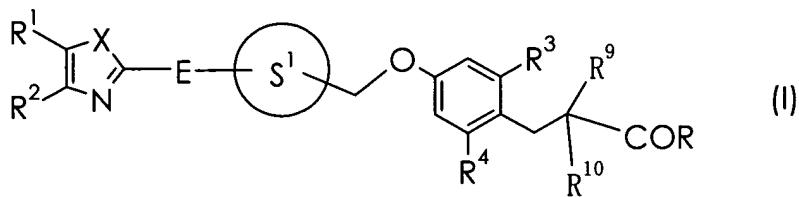


## AMENDMENTS TO THE CLAIMS

1. (Original) A compound represented by the formula (I)



wherein X is S or O,

R<sup>1</sup> and R<sup>2</sup> are the same or different and each is a hydrogen atom, an optionally substituted C<sub>6-14</sub> aryl group, an optionally substituted heterocyclic group or an optionally substituted C<sub>1-6</sub> alkyl group, or R<sup>1</sup> and R<sup>2</sup> are bonded to each other to form a ring together with the carbon atom they are bonded to,

E is -W<sup>1</sup>-N(R<sup>5</sup>)-W<sup>2</sup>-, -W<sup>1</sup>-CH(R<sup>6</sup>)-O-W<sup>2</sup>-, -W<sup>1</sup>-O-CH(R<sup>6</sup>)-W<sup>2</sup>-, -W<sup>1</sup>-S(O)n-W<sup>2</sup>- or -W<sup>1</sup>-CH(R<sup>6</sup>)-W<sup>2</sup>- (W<sup>1</sup> and W<sup>2</sup> are the same or different and each is a bond or an optionally substituted C<sub>1-3</sub> alkylene group, R<sup>5</sup> and R<sup>6</sup> are each an optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, and n is 1 or 2, provided that when X is S, then R<sup>5</sup> and R<sup>6</sup> are not C<sub>1-6</sub> alkyl groups),

ring S<sup>1</sup> is a benzene ring or pyridine ring each optionally further having substituent(s) selected from an optionally substituted C<sub>1-6</sub> alkyl group, an optionally substituted C<sub>1-6</sub> alkoxy group and a halogen atom,

R<sup>3</sup> and R<sup>4</sup> are the same or different and each is a hydrogen atom, a halogen atom, an optionally substituted C<sub>1-6</sub> alkyl group or an optionally substituted C<sub>1-6</sub> alkoxy group,

R<sup>9</sup> and R<sup>10</sup> are the same or different and each is a hydrogen atom, a halogen atom or a C<sub>1-6</sub> alkoxy group, and

R is an optionally substituted hydroxy group or an optionally substituted amino group, or a salt thereof.

**2. (Original)** The compound of claim 1, wherein E is -W<sup>1</sup>-N(R<sup>5</sup>)-W<sup>2</sup>-, -W<sup>1</sup>-CH(R<sup>6</sup>)-O-W<sup>2</sup>-, -W<sup>1</sup>-O-CH(R<sup>6</sup>)-W<sup>2</sup>- or -W<sup>1</sup>-CH(R<sup>6</sup>)-W<sup>2</sup>- (W<sup>1</sup> and W<sup>2</sup> are the same or different and each is a bond or an optionally substituted C<sub>1-3</sub> alkylene group, and R<sup>5</sup> and R<sup>6</sup> are each an optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, provided that when X is S, then R<sup>5</sup> and R<sup>6</sup> are not C<sub>1-6</sub> alkyl groups),  
ring S<sup>1</sup> is a benzene ring optionally further having substituent(s) selected from an optionally substituted C<sub>1-6</sub> alkyl group, an optionally substituted C<sub>1-6</sub> alkoxy group and a halogen atom, and R<sup>9</sup> and R<sup>10</sup> are hydrogen atoms,  
or a salt thereof.

**3. (Original)** A prodrug of a compound of claim 1 or a salt thereof.

**4. (Original)** The compound of claim 1, wherein R<sup>3</sup> and R<sup>4</sup> are the same or different and each is a hydrogen atom or a halogen atom, or a salt thereof.

**5. (Original)** The compound of claim 1, wherein E is -W<sup>1</sup>-N(R<sup>5</sup>)-W<sup>2</sup>- (W<sup>1</sup> and W<sup>2</sup> are the same or different and each is a bond or an optionally substituted C<sub>1-3</sub> alkylene group, and R<sup>5</sup> is an optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, provided that when X is S, then R<sup>5</sup> is not a C<sub>1-6</sub> alkyl group), or a salt thereof.

**6. (Original)** The compound of claim 5, wherein R<sup>5</sup> is an optionally substituted C<sub>7-16</sub> aralkyl group, or a salt thereof.

**7. (Original)** The compound of claim 1, wherein R is a hydroxy group, or a salt thereof.

**8. (Original)** The compound of claim 1, wherein X is S, or a salt thereof.

**9. (Original)** The compound of claim 1, wherein ring S<sup>1</sup> is a benzene ring, or a salt thereof.

**10. (Original)** The compound of claim 1, wherein both R<sup>9</sup> and R<sup>10</sup> are hydrogen atoms, or a salt thereof.

**11. (Original)** 3-[4-[[4-[(2-Phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl]benzyl]oxy]phenyl]propanoic acid,  
3-[2,6-difluoro-4-[[4-[(2-phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl]benzyl]oxy]phenyl]propanoic acid,  
2-fluoro-3-{4-[(4-[(2-phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl)benzyl]oxy}phenyl}propanoic acid,  
3-{2-fluoro-4-[(4-{1-[(4-phenyl-1,3-thiazol-2-yl)sulfonyl]butyl}benzyl)oxy]phenyl}propanoic acid, or a salt thereof.

**12. (Cancelled)**

**13. (Previously Presented)** A pharmaceutical composition comprising a compound of claim 1 or a salt thereof or a prodrug thereof, together with a pharmaceutically acceptable carrier.

**14-16. (Cancelled)**

**17. (Currently amended)** A method for modulating activating GPR40 receptor function in a mammal, for treating type II diabetes, obesity, insulin resistance or impaired glucose tolerance, which comprises administering an effective amount of a compound of claim 1 or a salt thereof or a prodrug thereof to the mammal.

**18. (Currently Amended)** A method for the prophylaxis or treatment of diabetes in a mammal, which comprises administering an effective amount of a compound of claim 1 or a salt thereof or a prodrug thereof to the mammal.